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**FILED**

JUN 15 2011

**S.C. LEGISLATIVE COUNCIL**

To publish proposed regulations the following verification must be signed and returned to the Clerk of the State Register

**VERIFICATION**

This certifies that I have reviewed the text of this document and determined that, with the stricken text deleted and the new text incorporated, the text reads as the agency intends it to read.

6/15/11  
Date

Jocelyn Boyd  
Reviewing Officer

Document No. 4189  
**PUBLIC SERVICE COMMISSION**  
**CHAPTER 103**

Statutory Authority: 1976 Code Section 58-3-140

**103-823.1. Financing Applications**

**Preamble:**

The Public Service Commission of South Carolina (Commission) is proposing to create a new regulation that outlines certain information that must be submitted with electric utility financing applications filed with the Commission. Order No. 1991-72 addresses information that must be filed with financing applications of all regulated electric utilities. According to Order No. 1991-72, six questions/issues must be answered in financing applications filed by electric utilities. One of the benefits of an electric utility filing this information simultaneously with its financing application is the Commission can thoroughly review the effect of the application on the electric utility as a whole.

The Notice of Drafting regarding this regulation was published on December 24, 2010, in the *State Register*.

**Section-by-Section Discussion**

**103-823.1. Financing Applications.** This proposed new regulation requires electric utilities to file certain information with financing applications. Such additional information includes, but is not limited to, the effect of the proposed financing on the utility's income statement, balance sheet, and capital structure and information on the possible impact on the utility if the proposed financing is not approved or if approval is delayed.

**Notice of Public Hearing and Opportunity for Public Comment:**

Interested persons may submit written comments to the Public Service Commission, Clerk's Office, 101 Executive Center Drive, Columbia, South Carolina 29210. Please reference Docket Number 2010-402-E. To be considered, comments must be received no later than 4:45 p.m. on August 1, 2011. Interested members of the public and the regulated community are invited to make oral or written comments on the proposed regulation at a public hearing to be conducted by the Public Service Commission on Wednesday, September 14, 2011, at 10:30 a.m. in the Commission's Hearing Room, 101 Executive Center Drive, Columbia, South Carolina 29210.

**Preliminary Fiscal Impact Statement:**

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There will be no increased costs to the State or its political subdivisions.

**Statement of Need and Reasonableness:**

This statement of need and reasonableness was determined pursuant to S.C. Code Ann. Section 1-23-115(C)(1) through (3) and (9) through (11).

**DESCRIPTION OF REGULATION:**

103-823.1. Financing Applications.

**Purpose:** The purpose of the new regulation is to outline information that must be filed with electrical utility financing applications. This information will allow the Commission to thoroughly review not only the Company's request for financing but also the effects of the proposed financing on the Company as a whole. Examples of information that must be filed with financing applications include the expected effective rate of interest of any proposed debt financing and the possible impact on the utility if the proposed financing is not approved or if approval is delayed.

**Legal Authority:** S.C. Code Ann. Section 58-3-140 (Supp. 2010).

**Plan for Implementation:** The proposed regulation will take effect upon approval by the General Assembly and publication in the *State Register*.

**DETERMINATION OF NEED AND REASONABLENESS OF THE PROPOSED REGULATION  
BASED ON ALL FACTORS HEREIN AND EXPECTED BENEFITS:**

The proposed new regulation governing financing applications is needed to delineate information that should be filed with electric utility financing applications. This information assists the Commission in determining the impact of a financing application on the Company as a whole. Such impacts include the effects on the Company's income statement, balance sheet, capital structure, and savings from early debt retirement.

**DETERMINATION OF COSTS AND BENEFITS:**

Although costs related to the proposed changes to the Commission's regulations are minimal, the benefits include the creation of a regulation that provides detailed information that an electrical utility must provide in conjunction with its financing application. This additional information will provide informative and relevant information that will assist the Commission in determining the disposition of the financing application.

**UNCERTAINTIES OF ESTIMATES:**

None.

**EFFECT ON ENVIRONMENT AND PUBLIC HEALTH:**

None.

**DETRIMENTAL EFFECT ON THE ENVIRONMENT AND PUBLIC HEALTH IF THE  
REGULATION IS NOT IMPLEMENTED:**

The regulation will have no detrimental effect on the environment or public health if the regulation is not implemented.

**Statement of Rationale:**

The purpose of proposing the addition of Regulation 103-823.1 is to outline information that an electrical utility must file in conjunction with a financing application. This information is included in Commission Order No. 1991-72. The information delineated in Regulation 103-823.1 will provide a clearer picture for the Commission regarding the effect a financing application will have on an electrical utility as a whole. There was no scientific or technical basis relied upon in the development of this regulation.

**Text:**

**103-823.1. Financing Applications.**

Any electrical utility filing financing applications must provide the following information as a separate part of its application:

- a. Identify the effect of the proposed financing on the utility's income statement and balance sheet and identify the impact of the proposed financing on the utility's capital structure;
- b. Identify specifically how the funds obtained through the proposed financing are to be used by the utility;
- c. Provide information on the possible impact on the utility if the proposed financing is not approved or if approval is delayed;
- d. Specify the expected effective rate of interest of any debt financing (a range for the rate is appropriate). For common stock issues, provide information on the anticipated market price and book value per share at the time of issue;
- e. Provide information on the expected benefits (e.g., savings expected from early debt retirement) and costs (e.g., issuance expenses) of the proposed financing. Provide any studies that were developed to identify these costs and benefits and the net result. (This could incorporate present value analysis of the costs and benefits.) Identify the basic assumptions of any analyses of costs and benefits.